

Message Text

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14

ORIGIN EA-14

INFO OCT-01 EUR-25 ADP-00 SS-15 PM-07 NSC-10 CIAE-00

DODE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01

EB-11 COME-00 AID-20 IO-13 /143 R

DRAFTED BY EA/ P: STAFF: EB

6/22/73 EXT 22538

APPROVED BY EA/ P: AHROSEN

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R 222057 Z JUN 73

FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMCONSUL CAN THO

CINCPAC

AMCONSUL DANANG

AMCONSUL HONG KONG

AMEMBASSY JAKARTA

USDEL JEC PARIS

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMCONSUL NHA TRANG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TOKYO

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

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E. O. 11652

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TAGS: PFOR, XC, US

SUBJECT: JUNE 22 EA PRESS SUMMARY

1. FANK BATTLES TO OPEN HIGHWAYS 5 AND 7. 300- TRUCK

CONVOY CARRYING RICE REACHES PP FROM KOMPONG SOM OVER RE- OPENED HIGHWAY 4. US BOMBERS HIT HARD AROUND PP YESTERDAY AND STEADY RUMBLE OF BOMBS WAS HEARD IN CITY (WP). UPI PP REPORTS (NYT) LIGHT ACTION ON HIGHWAYS 5 AND 6, AS LULL APPEARS TO HAVE SETTLED OVER KHMER FIGHTING. REFUGEES STREAM INTO PP OVER HIGHWAY 4.

2. UPI REPORTS DECLASSIFIED DOD DOCUMENT REVEALS US HAS BOMBED SVN FOUR TIMES AS MUCH AS IT DID NVN DURING SEVEN YEARS OF WAR. DURING ENTIRE VN WAR, US DROPPED 3.2 MILLION TONS ON SVN, 2.1 ON LAOS, AND 840,000 ON NVN. SVN WAS HIT TWICE AS HARD AS GERMANY WAS DURING WWII (NYT, CHITRIB).

3. OFFICIAL SAIGON SOURCES SAY ALLEGED MIG-19 FLIGHT OVER QUANG TRI WAS ACTUALLY AMERICAN DRONE (WP). HANOI' S VNA DENIES SAIGON CLAIM THAT MIG FLEW OVER QUANG TRI. GVN COMMAND REPORTS ONLY 65 COMMUNIST ATTACKS IN CONTINUING DOWNWARD COMBAT TREND, BUT NO INDICATION FIGHTING WILL STOP COMPLETELY. FIGHTING CONTINUES IN KONTUM (CHITRIB). SOME RANKING US OFFICIALS IN SAIGON BELIEVE " CEASE- FIRE-2" IS WORKING AND HOPE THERE WILL BE PERIOD

OF " RELATIVE TRANQUILITY" AT LEAST FOR FORTHCOMING MONSOON SEASON. ONE EXPERT SAID " WE MAY GET SOME IDEA OF HANOI' S NEW INTENTIONS" IN OCTOBER WHEN ANNUAL INFILTRATION CYCLE TRADITIONALLY STARTS (PHINQ).

4. SUN' S WOODRUFF IN HK SAYS INFORMED SOURCES THERE PREDICT US- PRC TRADE COULD APPROACH \$1 BILLION THIS YEAR OR NEXT, VASTLY EXCEEDING EARLIER PREDICTIONS, WITH BALANCE HEAVILY IN US FAVOR. SALES WILL BE AIDED BY MASSIVE SHIPMENTS OF US GRAIN TO CHINA THROUGH LONDON BROKERS. SOME ANALYSTS ESTIMATE THAT CHINESE, THREATENED BY DROUGHT, HAVE SIGNED CONTRACTS FOR AS MUCH AS \$700 MILLION IN AMERICAN GRAIN DURING LAST 12 MONTHS. THEY BELIEVE CHINA WILL ALSO BUY COMPLETE PLANTS UNCLASSIFIED

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AND HEAVY EQUIPMENT FROM US ON HITHERTO UNFORESEEN SCALE. BY CONTRAST, CHINESE HAVE ONLY RELATIVELY MODEST SALES PROSPECTS IN US MARKETS DUE TO RELATIVELY LIMITED AND UNSOPHISTICATED PRODUCTS THEY TURN OUT (SUN).

5. TORONTO GLOBE' S BURNS, LIKE OTHERS, IS INTRIGUED WITH PHENOMENON OF CHIANG CHING' S APPEARANCE IN PUBLIC IN SKIRT " HOBNOBBING" WITH AMERICAN BASKETBALL PLAYERS ON FLOOR OF PEKING STADIUM. BURNS REPORTS SOME PEKING OBSERVERS BELIEVE THIS MAY WELL HAVE BEEN PRC WAY OF DRAMATIZING TO NIXON- BREZHNEV THAT DAY HAS ENDED WHEN HIGH- LEVEL DECISIONS ABOUT US- SOVIET RELATIONS CAN BE TAKEN WITHOUT REGARD TO THEIR EFFECTS ON PEKING.

CHINESE PRESS HAS SAID VIRTUALLY NOTHING ABOUT CURRENT SUMMIT TALKS, BUT IT CAN BE ASSUMED PRC LEADERS ARE WATCHING CAREFULLY SINCE, ACCORDING BURNS, " NO GOVERNMENT STANDS TO BE MORE AFFECTED BY THE OUTCOME. . ." CHINESE OFFICIALS IN RECENT PRIVATE CONVERSATIONS WITH WESTERNERS HAVE INVARIABLY WARNED ABOUT DUPLICITY OF SOVIET LEADERSHIP AND ITS DETERMINATION TO LULL THE WEST. THEY HAVE EXPRESSED CONCERN THAT PRESIDENT MAY BE TEMPTED TO RECOUP HIS POSITION WITH AMERICAN PUBLIC IN WATERGATE'S WAKE BY BARTERING AMERICAN ADVANTAGE FOR SOME DRAMATIC BREAKTHROUGH WITH BREZHNEV. USLO AIDES HAVE SENSED CHINESE ANXIETIES ON THIS SCORE AND ARGUED THAT, IF ANYTHING, CONTRARY IS TRUE - " THAT MR. NIXON, HURTING MOST AMONG THE CONSERVATIVELY ORIENTED MIDDLE- AMERICANS WHO SAW HIM AS THE STANDARD- BEARER OF CLEAN GOVERNMENT, WILL BE ESPECIALLY CAREFUL NOT TO FURTHER ALIENATE HIS POLITICAL CONSTITUENCY BY SELLING THE UNITED STATES SHORT" (CSM).

6. ACCORDING NCNA, IN SECOND BASKET BALL ENCOUNTER, US COLLEGIATE ALL- STAR MEN' S TEAM BEAT PEKING TEAM 94-67, BUT US WOMEN LOST 65-46. AMERICAN MEN " DELIGHTED" CHINESE SPECTATORS BY THEIR LONG PASSING AND FAST BREAKING (AP, SUN).

7. FROM HONG KONG, LAT' S ELEGANT (JUNE 21) REPORTS PROFESSIONAL CHINA- WATCHERS AND OBSERVERS AMONG NUMEROUS FOREIGN VISITORS HAVE UNEASY FEELING THAT UNCLASSIFIED

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CHINA IS HEADING FOR ECONOMIC CRISIS. NO ONE CAN QUITE PUT HIS FINGER ON MAJOR CAUSE YET, NOR TELL WHETHER ECONOMIC PROBLEMS ARE ACUTE OR MERELY SERIOUS. GENERATING THIS FEELING IS AN ACCUMULATION OF SUCH STRAWS IN WIND AS: ESTIMATED 10 RISE IN DOMESTIC PRICES ON ALMOST ALL GOODS WITHIN LAST SIX MONTHS; RATIONING OF MAJOR NECESSITIES; SOARING COST OF EXPORTS DESPITE ACUTE NEED FOR FOREIGN EXCHANGE; DROUGHT BODING ILL FOR FUTURE HARVEST; ETC. IN COMMENTING THAT THIS GENERAL PATTERN COULD HAVE DEEPER ROOTS IN POST- GPCR POLITICAL TENSIONS AS WELL AS ECONOMIC MALAISE, ELEGANT CONCLUDES THAT ONE FACT SEEMS CLEAR: PEKING IS SUFFERING FROM APPARENT LACK OF DEFINITE PURPOSE, A SENSE OF DRIFT, PERHAPS DUE TO LACK OF FIRM LEADERSHIP.

8. AP PEKING REPORTS PRC MOVING SWIFTLY INTO PROGRAM OF IMPORTED INDUSTRIAL DEVELOPMENT THAT REVERSES OLD POLICY OF ECONOMIC SELF- RELIANCE AND DEBT- FREE TRADE. PRC HAS RECENTLY ARRANGED TO PURCHASE, MOSTLY FROM JAPAN ON CREDIT TERMS, FACTORY SYSTEMS TO PRODUCE SYNTHETIC TEXTILES, CHEMICAL FERTILIZERS, HIGHLY REFINED FUELS AND PETROLEUM FEEDSTOCKS. WESTERNERS IN PEKING

SEE THIS AS EFFORT TO MAKE QUICK LEAP IN DOMESTIC PRODUCTION DESIGNED EVENTUALLY TO REDUCE DEPENDENCE ON IMPORTED GOODS. MOVE ALSO SUGGESTS CHINESE LEADERSHIP WILL BE INTENT ON MAINTAINING PLACID POLITICAL ATMOSPHERE AT HOME AND AVOID TRAUMATIC EVENTS SUCH AS " CULTURAL REVOLUTION" (CSM).

9. UIP REPORTS ((59(69, WP) JAPAN HAS AGREED TO CHINESE PROPOSAL TO ESTABLISH DIRECT COMMUNICATIONS LINK BETWEEN PEKING AND TOKYO TO PROVIDE DATA ON WEATHER CONDITIONS OVER CHINESE CONTINENT.

10. SHIRLEY MCLAINE, ACKNOWLEDGED SPECIALIST IN THE FIELD, DESCRIBES CHOU EN- LAI AS SEXIEST MAN SHE HAS EVER MET (S- N 21 ST).

11. TAIWAN ELECTRONIC INDUSTRY ASSOCIATIONS REPORTS UNCLASSIFIED

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TAIWAN WAS TOP TV- SET SUPPLIER TO US IN FIRST THREE MONTHS OF 1973; 785,000 SETS EXPORTED TO US (CSM).

12. JAPAN PROTESTS FRANCE' S PLANNED NUCLEAR TEST IN NOTE TO FRENCH FOREIGN MINISTRY (NYT, CSM).

13 JAPANESE RED ARMY URBAN GUERRILLA GROUP LEADER HANGS HIMSELF IN JAIL (WP).

14. RICHARD JANSEN (WSJ) REPORTS DEMAND FOR DOLLARS CONTINUES BRISK IN TOKYO; BANK OF JAPAN SOLD ABOUT \$68 MILLION THURSDAY TO SLAKE DEMAND. SO FAR THIS WEEK BANK SOLD ABOUT \$200 MILLION TO IMPORTERS AND OTHERS, KEEPING DOLLAR ADVANCE IN CHECK.

15. GOJ WILL RAISE PURCHASE PRICE FOR DOMESTIC WHEAT, BARLEY, AND RYE BY 14 IN WAKE OF PRESIDENT' S DECISION TO CURTAIL EXPORT OF GRAINS TO JAPAN. JAPANESE NOW CONCERNED ABOUT STABILITY OF NATIONAL FOOD SUPPLY AND RECONSIDERING PAST POLICIES. PRICE INCREASE FOR THESE GRAINS IS STEEPEST IN MORE THAN 20 YEARS, AND COMES AT TIME WHEN AGRICULTURAL PRODUCTION COSTS HAVE CLIMBED 14.8 IN YEAR (TOKYO, JOC).

16. CHARLES ELIA REPORTS (WSJ) THAT EUROPEANS AND JAPANESE ARE FINDING TIME RIPE TO ACQUIRE U. S. FIRMS. BARGAIN PRICES ARE A LURE AND DOLLAR DEVALUATIONS HELP. YAMAICHI SECURITIES HELD ITS FIRST ACQUISITIONS SEMINAR IN TOKYO THIS WEEK WITH 170 JAPANESE COMPANIES PARTICIPATING.

17. DOUGLAS GREENWALD, CHIEF ECONOMIST FOR MCGRAW- HILL, SAYS JAPAN' S FIVE- YEAR ECONOMIC PLAN MAY BE ABLE TO

STABILIZE YEN AND MAINTAIN GNP GROWTH AT CLOSE TO 11 DURING THE '70 S IF NOT THWARTED BY YEAR- END RECESSION. PLAN INVOLVES CHANNELING BIG BITE OF GNP INTO PERSONAL CONSUMPTION AND GOVERNMENT SPENDING AND OUT OF PRIVATE INVESTMENT, AND BRINGING WORLD TRADE ACCOUNTS INTO APPROXIMATE BALANCE. JAPAN PLANS TO INCREASE IMPORTS BY REDUCING TARIFFS AND NUMBER OF ITEMS UNDER QUANTITATIVE RESTRICTIONS. MITI HAS BEEN GRANTED UNCLASSIFIED

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POWER TO RESTRAIN GROWTH OF EXPORTS OF 19 ITEMS INCLUDING CAMERAS, TV SETS, AND AUTOS (JOC).

18. CULLISON REPORTS (TOKYO, JOC) SERVICES OFFERED BY THE TRANS- SERIAN LANDBRIDGE BETWEEN EUROPE AND JAPAN

FOR CONTAINER CARGO HAVE IMPROVED SO MUCH IN RECENT MONTHS THAT SHIPPERS BEGINNING TO BEAT A PATH TO SOVIET DOOR.

19. NK NEWS AGENCY REPORTS KIM IL SUNG ACCUSED US OF " STEPPING UP WAR PREPARATIONS AND SCHEMING TO KEEP KOREA DIVIDED INTO TWO KOREAS PERMANENTLY. IF IT HAS NO INTENTION OF OBSTRUCTING THE PEACEFUL REUNIFICATION OF KOREA, THE US SHOULD CHANGE ITS POLICY BEFORE TOO LATE." CHARGES MADE AT A BANQUET FOR CZECH DELEGATION LED BY GENERAL SECRETARY HUSAK (NYDN, AP; ALSO S- N JUNE 21).

20. UPI REPORTS (SEOUL, NYDN) ROK CLAIMS IT CRACKED 11- MEMBER NK SPY RING THAT ORGANIZED UNDERGROUND GROUP AT SEOUL UNIVERSITY FOR ANTIGOVERNMENT ACTIVITIES.

21. UPI REPORTS (BANGKOK, WP, S- N JUNE 21) U NU ORDERED TO LEAVE THAILAND AND WILL PROBABLY GO TO US. HAS BEEN ACTIVE IN ORGANIZING BURMESE REBEL GROUPS WHICH OPERATED FROM SANCTUARIES ALONG THAI- BURMA BORDER.

22. S- N (JUNE 21) SAYS REPORTS FROM SVN ABOUT CONTINUED FIGHTING, SHOOTING AT ICCS HELICOPTER, ETC., BEAR OUT PESSIMISTIC PREDICTIONS ABOUT LATEST " AGREEMENT" TO ESTABLISH GENUINE C- F. INDEED, SEEMS TO BE LITTLE CONNECTION BETWEEN PERIODIC DIPLOMATIC EXERCISES IN PARIS AND WHAT ACTUALLY HAPPENS IN INDOCHINA. APPEARS THAT SOLUTION TO VN CONFLICT IS IMPOSSIBLE AS LONG AS NEITHER SIDE ABLE TO ACHIEVE DECISIVE ADVANTAGE, AND IT IS INCONCEIVABLE THAT US BOMBERS SHOULD RETURN TO HANOI. THIEU WAS RIGHT WHEN HE SAID THAT SVN SURVIVAL DEPENDS MORE ON COHESION OF HIS PEOPLE AND UNCLASSIFIED

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STRENGTH OF HIS ARMY THAN ON ANYTHING GREAT POWERS LIKELY TO ACHIEVE.

23. CSM TAKES LESS PESSIMISTIC VIEW OF SECOND C- F. WHILE CONCEDING THAT PEACE IS FAR FROM TOTAL IN INDOCHINA, AND THERE STILL NO CLEAR SIGN OF POLITICAL RE-NEUTRALIZATION OF CAMBODIA WHICH IS PROBABLY NECESSARY TO GENERAL SETTLEMENT, VIOLENCE IS AT MUCH LOWER RATE, US RECON OVER NVN HAS ENDED, JEC TALKS AND MINESWEEPING OPS HAVE RESUMED. PERHAPS MORE SIGNIFICANTLY, KIS HAVE PULLED BACK FROM ROADBLOCK WHICH HAD CUT PP- KOMPONG SOM MAIN SUPPLY ROUTE. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 10 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE122560
Document Source: ADS
Document Unique ID: 00
Drafter: EA/ P: STAFF: EB
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730635/abqcemqt.tel
Line Count: 286
Locator: TEXT ON-LINE
Office: ORIGIN EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: willialc
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <08-Aug-2001 by maustmc, RDFRD>; RELEASED <20-Aug-2001 by willialc>; RELEASED <20-Aug-2001 by willialc>; APPROVED <20-Aug-2001 by willialc>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980218
Subject: JUNE 22 EA PRESS SUMMARY
TAGS: PFOR, US, XC
To: SAIGON INFO BANGKOK
BIEN HOA
BUDAPEST
CANBERRA
CAN THO
CINCPAC

DANANG
HONG KONG
JAKARTA
JEC PARIS
MANILA
MOSCOW
NHA TRANG
OTTAWA
PARIS
PHNOM PENH
SEOUL
TOKYO
VIENTIANE
WARSAW
WELLINGTON
Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005